

Message Text

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EB - MR. GLITMAN(SUBS)

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FM SECSTATE WASHDC

TO AMEMBASSY PRAGUE IMMEDIATE

C O N F I D E N T I A L STATE 278660

E.O. 11652:

TAGS: PFOR, EFIN, CZ, US

SUBJECT: CZECH CLAIMS SETTLEMENT

1. HOUSE/SENATE CONFERENCE MODIFIED LONG/GRAVEL AMENDMENT
AFTER HEATED DEBATE ON DECEMBER 18.

2. AMENDMENT NOW PROVIDES THAT:

THE ARRANGEMENT ENTERED INTO IN JULY 1974 WITH RESPECT TO
CLAIMS SETTLEMENT SHALL BE RENEGOTIATED AND SHALL BE
SUBMITTED TO THE CONGRESS AS PART OF ANY AGREEMENT ENTERED
INTO WITH CZECHOSLOVAKIA PURSUANT TO THIS TITLE.

THE US SHALL NOT RELEASE ANY GOLD BELONGING TO CZECHOSLO-
VAKIA AND CONTROLLED DIRECTLY OR INDIRECTLY UNDER THE
PARIS REPATRIATION AGREEMENT UNTIL SUCH AGREEMENT HAS
BEEN APPROVED BY THE CONGRESS.

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VERBATIM WILL BE CABLED AS SOON AS AVAILABLE TOMORROW.

3. IN PASSING ABOVE TO AMBASSADOR SPACIL ARMITAGE MADE FOLLOWING POINTS:

GRAVEL SUB-AMENDMENT REQUIRING SUBMISSION OF GOLD TITLE QUESTION TO U.S. COURTS HAD BEEN DROPPED.

B. AMENDMENT HAS BEEN REVISED TO DROP REQUIREMENT FOR "FULL SETTLEMENT OF ADJUDICATED VALUE OF CLAIMS.

C. GOC OFFER RE ACCELERATED PAYMENT WAS HANDLED IN FOLLOWING WAY. DISCUSSION IN CONFERENCE WAS QUITE ANIMATED, ALMOST HEATED AT POINTS. CONGRESSMAN ULLMAN AND CONGRESSWOMAN GRIFFITHS HAD MENTIONED THAT GOC WOULD BE PREPARED TO "IMPROVE ITS OFFER" BUT SENATOR LONG DID NOT ACKNOWLEDGE OR FOCUS ON THIS STATEMENT IN ANY CLEAR MANNER. IT WOULD BE FAIR TO SAY THAT GOC OFFER OF PAYMENT IN THREE EQUAL INSTALLMENTS HAD BEEN NEITHER ACCEPTED NOR REJECTED.

D. WORDING OF AMENDMENT IS CLEAR IN REQUIRING SUBMISSION OF CLAIMS SETTLEMENT AT TIME TRADE AGREEMENT IS SUBMITTED AND RELEASE OF GOLD ONLY WHEN TRADE AGREEMENT APPROVED BY CONGRESS. IT WILL TAKE SOME TIME TO ASCERTAIN WHAT IS INVOLVED IN "RENEGOTIATION" BUT SHOULD BE NOTED RENEGOTIATION REFERS TO SETTLEMENT OF JULY 5, 1974.

E. THERE MAY BE FURTHER ATTENTION GIVEN TO THE AMENDMENT ON THE FLOOR OF THE HOUSE WHERE CONGRESSMAN VANIK HAS TOLD US SEVERAL MEMBERS WILL SPEAK POSITIVELY ABOUT CZECHOSLOVAKIA AND CRITICIZE THE AMENDMENT.

F. US CONTINUES TO HAVE POLICY OF SEEKING TO DEVELOP MORE CONSTRUCTIVE AND NORMAL RELATIONS WITH CZECHOSLOVAKIA ON MUTUALLY BENEFICIAL BASIS. ACTION BY CONGRESS PRESENTS PROBLEM WHICH BOTH SIDES WILL HAVE TO ADDRESS IN INTEREST OF THOSE RELATIONS AND IT IS IMPORTANT THAT NOTHING BE DONE WHICH WILL WORSEN RELATIONS IN OTHER ASPECTS.

4. SPACIL SAID AMENDMENT PASSAGE WOULD BE MOST DIS-CONFIDENTIAL

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APPOINTING TO GOC, THERE WOULD PROBABLY BE NEED FOR PRESS STATEMENT BY GOC BUT HE HOPED WE COULD APPROACH PROBLEM IN CONSTRUCTIVE MANNER.

5. FROM ABOVE EMBASSY WILL UNDERSTAND THAT WE CANNOT AT THIS STAGE HAVE CLEAR IDEA OF WHAT REQUIREMENT TO "RENEGOTIATE" SIGNIFIES AND THAT WE WOULD LIKE GOC TO AVOID ANY STEPS WHICH MAKES WORKING OUT OF CLAIMS SETTLE-

MENT PROBLEM MORE DIFFICULT. EMBASSY SHOULD TAKE SIMILAR
LINES WITH GOC THERE. KISSIINGER

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